App.F.IX-4]

1918.

File No. 3-16.

Previous References. (Forgo)

Serial Nos. 1-4

Later references.

GENERAL AND REVENUE SECRETARIAT.

(12)

Serial Nos. 4

Part B for November 1918.

SUBJECT

Letter dt 16.7.1918 from Mr. M. Karunk Krishnamurthy Rao forwarding for consideration certain points connected with the provisions to be made in rules to be issued under the new section re amalgamation of two or more societies.

Filed

Manasawamy Iyengar
19/11/18

G. R. S. 11] 1918-19

GENERAL AND REVENUE SECRETARIAT.

(Legis)

NOTES.

File No. 3-18

FILE HEADING.

Rules under the Mysore Co-operative Societies Regulation

From

Mr M. Karnick Krishnamurthy Rao

No. Dated 16/7/18 Received 16/7/18

Diary No.	Enclos.	Spare Copies.	Serial No.
J 865			1

BRIEF ABSTRACT OF LETTER.

Forwards for consideration certain points connected with the provisions to be made in rules to be issued under the new section re amalgamation of two or more societies

NOTES AND ORDERS.

Asst. Secretary's orders thereon

"Legs. Please put up references today

Asst S.S.

Sub'd. with chitty. Statutes and a copy 16/7

of the Bill as finally passed

NOTES—First Sheet. 16/7

G. R. S. III-2j

General and Revenue Secretariat.

File No. 3 of 1918.

Serial No.

In regard to the first point referred to in the paper under disposal, it may be mentioned that the speech of the learned Member who moved the amendment clearly indicated that the amalgamation will generally be sanctioned only in the case of 'two or more societies working at the same place and for one and the same purpose' (vide page 9 of the proceedings). The member had no objection to a qualifying clause being inserted in the section, if absolutely necessary (vide page 15). As no formal motion was made, and seeing, it was not introduced in the Legislative Council, and the words cannot therefore now be inserted. As Mr. Krishnaswami's proposed request also is worded, it does not seem necessary to insert such words in the Regulation. The assurance given by the Member in his speech seems sufficient.

The second point urged by Mr. Krishnaswami Chetty is that clause 3 of the new section 42A is not effective, and that the withdrawal of shares in banking societies should be prohibited as in the English Act. There seems to be a clear misconception in this matter. Govt did not word proceed copy all the provisions of the English Act. For purposes of drafting a provision an analogous Act was taken as a model. The question of amalgamation has nothing to do with the fact that the English Act does not permit banking societies to have withdrawable shares

NOTE—Contn. sheet.

G. R. S. III-2j

General and Revenue Secretariat. | Regd File No. 3 of 191 8.

Serial No.

The basis of the Mysore Act of 1904 is that shares can be purchased by the Society. The principle of the English Act is apparently based on the provisions of the Companies Acts there. The objection that if shares are allowed to be withdrawn before the liabilities are discharged, the creditors will not have sufficient security seems to me to be without any solid foundation in fact. It is not an objection against an amalgamation. The danger may exist even where there is no amalgamation. But as a matter of fact, deposits are not kept for even a year at a time. Under S 23 the liability of a past member for the debts of a registered Society ~~shall~~ continues for a period of two years from the date of his ceasing to be a member. The wording of clause (3) of S 42 A is wide and comprehensive enough to protect creditors in every way. Amalgamation will not place them in a ~~worse~~ position worse than that which existed before. ~~&c~~

As regards the third point, the Regulation itself provides for the publication of the draft rules. The Societies are at liberty to offer their criticisms. They will all be carefully considered before the rules are finally approved by Govt. There does not appear to be any necessity for sending copies of draft rules to each Society. Govt. provides

Second Member

P. T. O.

Under General clauses Regulation 2?

366 29.7.18

28 29/7

NOTE.—Contn. sheet.

865

G. R. S. III-2j

General and Revenue Secretariat. | Legis File No. 3 of 1918.

Serial No.

It seems to me that what Mr. Kkm wants is a sort of assurance that the amendments proposed by him will receive consideration now at least. A sort of verbal assurance was given to him at the time & this should be realised I think, to the extent feasible. This is what has to be borne in mind by us. As regards Mr. KKM. himself a new committee before making clear the objections may be sent to him, I think, unless this is repugnant to approved or accepted practice. If the Govt has any doubts in his mind about this he may see me, before taking further action

Reed
20.7.18

Subm. with a draft to Mr M. K. Krishnamurthy Rao as orally directed.

27/7/18

Revised draft submitted for favour of kind approval

Second Member

10/2
5.8.18.

Dont appd.

Reed
5.8.18

5/8

5/8

NOTE—Contn. sheet.

G. R. S. III-2]

5

2325

General and Revenue Secretariat.

Judy File No. 3 of 191 8

Serial No.	
2.	To M Karnick Krishnarao Esq Rao member, Mysore Legislative Council No 63003 dated 9 8 18. Acknowledges the receipt of letter dated 16th July 18 and states that the same will receive due consideration by the Govt. This file will be put up with the file re rules under the Section about amalgamation when that question is taken up. The Bill has not yet received the sanction of H. H. the Maharaja. 12/8/18

Govt. B. the bill received. As to the completion of the rules file about the Regn. 12/8/18

Govt. As the rules have to be framed by the Education Secretariat may this be sent to that Secretariat. The Regn has been passed as VII of 1918. 23/9/18

Education Secretariat)

As regards the requests of Mr Krishnamurthi Rao in the 1st to 3rd paragraphs of his letter it has been decided that as the Regulations have been passed it is not

NOTE—Contn. sheet.

2325 6

G. R. S. III-2)

General and Revenue Secretariat. | Legs File No. 3 of 1916.

Serial No.

possible to amend clause (1) of Sec 43 and that the assurance given by the memorialists that the same object shall be brought about as soon as the rules to be framed under Sec 44 (4) then will of course be published in the Gazette and criticisms invited. The request made in para 2 of the letter is not quite clear. Do the memorialists apprehend confounding the rights of a creditor of any individual member of a society with the rights of a creditor of a society as a whole. At any rate, as pointed out by Mr Lee-Warner, above there are sufficient safeguards provided for such cases in the Regulations & Rules. It is therefore submitted that no further action need be taken on the memorialists letter. The Registrars of Societies being consulted in regard to the drawing up of the draft rules as regards amalgamation of societies and if considered necessary an extract of para 2 of the memorialists letter will be sent to them also for opinion.

I agree. But the Registrars may also be consulted

27/9

Lee Warner) 26.9.08

Draft sent with Extract of para 2 of the memorialists letter

28/9/08

28/9/08

28/9/08

NOTE—Contn. sheet.

G. R. S.-III-2j.

General and Revenue Secretariat.

File No. 3 of 1918.

Serial No.	
3	Letter No: 2938 Dt 30.9.18 from the Regr of Co-operative Societies forwards for opinion an extract from Mr: Karmiki Krishna Murthy Rao's letter Dt 16.9.18. from
4	Letter No: 5350 Dt 16.12.18 of the Regr of Co: Societies states that the rules on the subject are embodied in detail in the draft rules under the Co-operative Regulation. The Rules referred to are on the main file submitted herewith (C.C 660/18) DM 23.12.18

B
18/12/18

NOTE—Contn. sheet.

OFFICIAL
16 JUL 1918

1917-18/8
SECTION Legis
DEPT. 3-18

Bangalore City,
16th July 1918

From

M..Karnick Krishnamurti Rao, Esq.,
Zamindar and Member of the Legislative Council,
B a n g a l o r e.

To

G. Srinivasa Iyer, Esq., B.A. M.L.,
Secretary, Mysore Legislative Council,
B a n g a l o r e

Sir,

At the last meeting of the Council held on the 28th ultimo, the learned member who was in charge of the Mysore Co-operative Societies Bill, was pleased to accept, on behalf of Government, my suggestion that the first clause of the new - Section 42 A, regarding the "amalgamation" of societies, should be applicable only to societies having identical objects; but I do not know what steps have been taken to incorporate this provision in the Bill, or the rules to be framed thereunder. I should be very much obliged if you can kindly enlighten me on this point.

2 While on this subject I beg to bring to the notice of the learned President of Council and Government, another important point. When I pointed out at the meeting that the Provision made in the 3rd sub-clause of the same section, which is intended to safeguard the interests of creditors, seemed to be illusory and ineffective, it was urged on behalf of Government that the Bill followed the English Industrial and Provident Societies Act in this respect, and that it did not adopt the new provisions from the Friendly Societies Act. But shares held in our societies are withdrawable after one year by "transfer"

to

to the society under clause 14 (2) (b), while Section 19 of the Industrial and Provident Societes Act provides that - banking societies cannot have "any withdrawable shares", and that no other societies, which take deposits to any extent, should make "any payment of withdrawable capital while any claim due on account of any such deposit is unsatisfied," and contravention of these provisions is punishable under Section 62 of the Act. As sub-clause 3 of clause 42 A will not be effective unless similar restrictions are prescribed here also necessary provision has to be made in the Regulation or the Rules, at least in the case of societies which intend to amalgamate with, or transfer their engagements to, other societie and to societies thus amalgamated or accepting transfer of - engagements. As the Regulation contemplates the issue of - debentures also, vide clause 27 (2), a provision which does not seem to exist in the English Act -, the interests of such - debenture holders may have to be likewise safeguarded here

3. Before concluding I beg to refer to one more point. At the meeting Government were kindly pleased to promise that the provisions contained in one of the amendments moved by me would be incorporated in the Rules and that the question of the - inclusion of some of the other provisions discussed by me would also be considered when framing those Rules. Under Clause (3) of Section 43 of the Bill, Rules can be made only after previous publication. With a view to afford sufficient opportunity and time to societies in the muffusil to consider them well and - offer suggestions and criticisms, I request that the draft rules may kindly be published both in English and Kannada, and that copies of them may be sent to all existing Co-operative Societies at least three months before they are taken up for final consideration and approval,.

I have the honor to be,
Sir,
Your most obedient servant,

3

~~No. 3003 dt~~

To No. 3003 dt 9-8-18.

M.Karnick Krishnamurthy Rao, Esquire
Member, Mysore Legislative Council,
Bangalore City.

S i r,

I am directed to acknowledge the receipt of your letter dated 16th July 1918, regarding Section 42A of the Co-operative Societies Bill, and the rules to be framed thereunder, and to state that ~~it~~ the matter will receive the due consideration of Government.

I have etc.

5.8.18.

Chief Secretary to Government.

ACH.

4217

S

Telegraphic Address:
"Co-operator," Bangalore.

No. C.S.

ENCLS.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Dated, Bangalore, 16th December *1918*

From R. Ranga Rao, Esq., B.A. B.L.,
[redacted],
Offg. *Registrar of Co-operative Societies in Mysore,*
BANGALORE.

To

P.G. D'Souza, Esq., B.A. B.L.,
Secretary to the Government
OF H. H. THE MAHARAJA OF MYSORE,
Depts. of Education and Agriculture
BANGALORE.

SIR,

With reference to your letter No.2938 dated 30th September 1918 calling for draft rules for the amalgamation of societies under Section 43 of Regulation No.VII of 1918 I have the honor to state that the rules on the subject are embodied in detail in the draft rules under the Co-operative Regulation submitted to Government with my letter No.5320 dated the 12th December 1918.

I have the honor to be,

Sir,

Your most obedient servant,

R Ranga Rao.

Offg. REGISTRAR.

HW

18 18 19 —191

Rec'd Secto

19-12-18.

From

[redacted]

The *Registrar of Co-operative Societies*

IN MYSORE

To

The Secretary to the Government

OF H. H. THE MAHARAJA OF MYSORE,

Depts. of Education and Agriculture,

BANGALORE.

Dated Baingalore 16-12 191 8

Despatched

Received

General No. 555 C.S.

Enclosure No.

Subject: draft rules for the amalgamation of Co-operative Societies

2325

To

Dro. 2938/986
Ecn 1.

The Offg Regr of C.S

Dated 30. 9-16.

Sir,

In continuation of this office letter no. 2790/EC37-16-3 dt 26th Sept 1916 calling for a set of Dft rules in regard to the amalgamation of Coopve Societies under the recent ~~Coopve~~ Regulation I am directed to forward herewith for favour of opinion an extract from Mr Venkata Krishna Murti Rao's letter dt 16th July 1916

Yours &c

Recd 28/9/16

M Secy to Govt

Sd

Sd

Sd